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Ref: RP:AFS

23 March 2011

Infrastructure Australia
GPO Box 594
CANBERRA ACT 2601

Att: Michael Deegan

*Heart of the
Southern Riverina*

Dear Sir

REGIONAL TOWNS WATER QUALITY AND SECURITY REVIEW

The Berrigan Shire Council has considered the "Review of Regional Water Quality & Security" Report prepared by AECOM for Infrastructure Australia. Given some of the significant impacts associated with any practical implementation of the Review's recommendations, the Council welcomes the opportunity to provide feedback to the Report and would appreciate serious consideration of the issues raised in it.

The Council's feedback is presented in two parts. Firstly, the Council provided some general feedback in terms of the conduct and credibility of the Review. Secondly, comment in relation to the specific recommendations contained within the Review is provided.

GENERAL FEEDBACK

The quality of the audit that has resulted in these recommendations lacks credibility, at least in the case of this Council. To have concluded that reformation of the entire rural water industry is required based on this simplistic and poorly informed audit also raises the question of whether the result was predetermined.

In the case of Berrigan Shire Council the audit:

- Is based on data five years old and ignores current data that is readily available;
- Quotes 3490 service connections for a population of 1,000 which indicates lack of any quality review of the data used;
- Is uniformed by any local consultation;
- Contains incorrect information regarding the Council's water source;
- Indicates unlined landfills in the vicinity which is incorrect and even if this was the case since the water source is effectively overland, is irrelevant. The report includes the note that this is an "assumption" and the source quotes actually relates to the imminent closure of the Tocumwal landfill some 35 km distant;
- Indicates aging assets. Whilst some assets may be old they are also fully maintained in accord with the Council's Assets Management Plan. This again indicates a lack of quality research by the consultant. If up to data was used it would have been observed that significant refurbishment has been completed in recent years;
- Indicates significant water loss but fails to recognize significant rectification in more recent years;
- Indicates high household consumption compared to Melbourne but fails to recognize the significant drought effect upon this, the fact that Melbourne has much higher rainfall and significantly lower temperatures;
- Indicates mining/minerals at Pine Lodge Pit as being relevant when it is in fact 35 km distant;
- Indicates high iron content in the Council's water at Berrigan and poor historical compliance regarding this which is incorrect. One test over the period indicated high iron which is clearly an aberration as no other Council treatment plant indicates high iron despite all water being derived from the same source. Again, the Council would question the quality of the data being used and the complete lack of any apparent quality assurance process.

The review also fails to recognize that Berrigan Shire Council, in its operation of four small water utilities catering for populations between 1,000 and 2,500 persons, has long been an industry leader in rural NSW in terms of pricing, innovation and asset management. This Council has introduced electronic metering, pioneered DAF water treatment in NSW, shunned high nett cost State sponsored capital development schemes in pursuit of a better deal and better service for its customers.

Again, had any small level of local consultation been undertaken in the review process, all of the above would have readily been identified and helped mitigate the lack of integrity of the data upon which the recommendations are based.

The fact that the Review has “cherry picked” some of the findings of the “Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Service for Non-metropolitan NSW” is of concern as, whilst my Council may not support all of its findings, it at least had a reasonable understanding of all of the issues surrounding the operation of small water utilities in NSW. This review also highlighted the financial impact upon Councils providing water services if control of those services was removed yet this has been ignore by AECOM.

Infrastructure Australia should question this Review and its public availability as in its present form it:

- Lacks credibility;
- Has been prepared by a consultant that has no apparent practical knowledge of the operation of small water utilities nor has it sought the input of those that do;
- Is likely to be cited as fact and a basis for reform;
- Displays no evidence of any level of quality assurance; and
- Has not questioned the available range of options that are readily available in considering its recommendations;
- Is unbalanced in that it does not identify any of the “good” performers in the rural water utility industry.

If the Review continues to remain publicly available this must reflect poorly on Infrastructure Australia as the commissioning authority.

In summary, the Review has all the hallmarks of a “quick and dirty” table top exercise based on aged and unreliable data and used to justify some predetermined recommendations. It would have been useful to compare the aged data used with the, readily available, current data to establish what change had occurred.

Attached for information is the actual NSW Health, publicly available, reporting results for Berrigan Shire Council which indicate that most of the information included in the Review is in fact incorrect.

FEEDBACK IN RELATION TO SPECIFIC RECOMMMDATIONS

Recommendation:1 Mandate compliance with Australian Drinking Water Guidelines through legislation or regulation.

Berrigan Shire Council supports this recommendation.

Recommendation:2 Implementation of a nationally consistent Best Practice Management Framework for all urban water utilities.

The Council generally supports this recommendation. This support is based upon the expectation that it is only “framework”.

The Council’s experience with the NSW “Guidelines” is that they are inflexible, in some cases impractical and tend to stifle innovation that can generate ongoing improvements.

Any such “framework” must be developed with water industry practitioners rather than being solely forced down from academics. As an example the NSW Guidelines “impose” pricing arrangements. While the intent of this might be laudable enough the arrangements are partially politically motivated and if followed to the letter by this Council over 10 years of drought would have led to insolvency.

The above reflection can equally be applied to the concept of integrated water cycle management.

Recommendation:3 Improved Pricing.

Berrigan Shire Council supports this recommendation and believes it may be effective to achieve this through some sort of rate of return or overall revenue calculation rather than dictating components of fixed and variable pricing which don’t necessarily reflect local operating conditions or business needs. Such a basis allows local communities to adopt pricing structures that meet their needs, eliminates the need for external “welfare” systems and ensures adequate funding to effectively operate water utilities. Using a higher level measure allows water utilities to adjust to different consumption patterns, largely dictated by weather patterns, by adjusting its pricing structure.

Recommendation:4 develop a more highly skilled workforce to operate and maintain water systems in regional water utilities by developing a nationally consistent trade qualification.

The experience of Berrigan Shire Council is that operator training is readily available and training issues are more likely to revolve around employer commitment to provide human and financial resources to effectively allow training and practical experience to occur. The Council recognized training as a key forward issue many years ago and has committed itself to provide additional resources, over and above day to day operational needs, to allow this to occur. Whether such increased resourcing is any additional or routine operating cost is a moot point.

Recommendation:5 Reform the governance structure of regional water utilities in NSW and Queensland.

The Council is strongly opposed to this recommendation for a variety of reasons and as follows:

- The recommendation reflects silo thinking and fails to consider the impacts that it may have upon the viability of the Councils that are presently operating the water utilities. If AECOM had properly reviewed the “Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Service for Non-metropolitan NSW” and considered all of the information it contained it may have learnt of the significant impact to Council viability, significant job losses to smaller communities and impact on water prices and service delivery.
- The conclusions reached in the Review are not supported by ground truthing. Of the five water utilities in Victoria nearest this Council (three rural & two urban):
 - Three have/are suffering significant financial hardship - i.e. they are insolvent;
 - One is unable to deliver capital works required to cater for growth in its region and thus is stifling development and investment;
 - One has seen its Board resign en masse;
 - All have seen large annual price increases and in most cases no improvement in service delivery or capacity improvement;
- South East Queensland now apparently has the highest water cost to residents and little apparent service improvement.
- Electricity Authorities have developed through to the regional authority model in NSW. In this area this has seen a small local provider change into a nearly state wide authority. Over this period of change service delivery has declined significantly, assets have moved from fully maintained to decades behind and prices have increased massively, progressive reservation of funds for future assets has ceased to all intents and purposes.
- If this recommendation is correct, Sydney Water would be the most efficient and effective water authority in the land. I suggest that Berrigan Shire Council is more innovative, more effective and more efficient than Sydney Water.

- The proposed model will see the State Government direct significant dividends to itself, as has occurred in all other cases in NSW. State Governments cannot be trusted to set dividends at a level that allows sufficient retention of funds to cater for asset replacement and upgrade.
- It ignores the blatantly obvious fact that it would be far more effective, in terms of cost and service delivery, to help those utilities that are struggling as opposed to restructuring a whole water industry and probably all of local government.
- It overlooks the fact that co-ordinated service provision is a key factor in both attracting new development to the rural areas or helping those businesses that are already there to expand.
- The efforts of the Federal Government through its Murray Darling Basin Plan will see a 23% loss of employment in the Berrigan Shire area. This loss of employment is on top of the recent loss of the local red gum industry and its associated job losses. If this recommendation is implemented further local job losses will occur. If these unco ordinate policy applications continue there will be no need for a local water utility as we will all have moved to Melbourne and Sydney.

In summary, while most of the first four recommendations can be supported, at least to some extent, the recommended changes to governance structures cannot as it represents a blinkered approach to an issue that is likely to create more problems than it will solve.

Yours faithfully



ROWAN PERKINS
GENERAL MANAGER

Results Reporting by Analysis Type - All

You have selected the following report -

AHS - Greater Southern PHU
 Water Supply Authority - Berrigan Shire
 Council (BR)
 Supply System - Berrigan (02)

Date Range -

From - 01 January 2002

To - 22 March 2011

Sample Type/s - All

Laboratory/s - All

Barcode Count - These results represent 543 distinct samples.

Summary Display

Parameter	Guideline Value	Mean	Median	Standard deviation	Min.	Max.	Number of samples	Number of exceptions	95th percentile	5th percentile	% meeting guideline values
Total Coliforms	0.0000 cfu/100 mL	0.2235	0	2.8935	0	53	434	9	4.9689	2.65	98
E. coli	0.0000 cfu/100 mL	0	0	0	0	0	434	0	0	0	100
pH	6.5 - 8.5	7.9941	7.9	0.4956	7.3	9.3	17	2	8.8069	7.4	88
Turbidity	5.0000 NTU	0.1172	0.1	0.053	0.099	0.3	17	0	0.2042	0.1091	100
Free Chlorine	5.0000 mg/L	0.4553	0.41	0.2475	0.09	0.93	15	0	0.8613	0.132	100
Total Chlorine	5.0000 mg/L	0.5552	0.48	0.4341	0	1.72	185	0	1.2671	0.086	100
Total Dissolved Solids (TDS)	500.0000 mg/L	66.7647	65	13.8498	48	93	17	0	89.4783	50.25	100
Aluminium	0.2000 mg/L	0.0307	0.01	0.0422	0.0099	0.17	15	0	0.0998	0.0179	100
Antimony	0.0030 mg/L	0.001	0.001	0	0.001	0.001	17	0	0.001	0.001	100
Arsenic	0.0070 mg/L	0.001	0.001	0	0.001	0.001	17	0	0.001	0.001	100
Barium	0.7000 mg/L	0.0268	0.028	0.0109	0.009	0.052	17	0	0.0446	0.0112	100
Boron	4.0000 mg/L	0.099	0.099	0	0.099	0.099	17	0	0.099	0.099	100
Cadmium	0.0020 mg/L	0.0005	0.0005	0	0.0005	0.0005	17	0	0.0005	0.0005	100
Calcium	9999.0000 mg/L	4.284	3.9	1.4076	2.18	6.7	15	0	6.5925	2.406	100
Chloride	250.0000 mg/L	4.96	5	1.1783	3.2	7	15	0	6.8923	3.39	100
Chromium	0.0500 mg/L	0.005	0.005	0	0.005	0.005	17	0	0.005	0.005	100
Copper	2.0000 mg/L	0.0054	0.005	0.0009	0.005	0.008	17	0	0.0068	0.0052	100
Cyanide	0.0800 mg/L	0.0099	0.0099	0	0.0099	0.0099	3	0	0.0099	0.0099	100
Fluoride	1.5000 mg/L	1.0211	1.01	0.1639	0.63	2.14	107	1	1.2899	0.7055	99

Iodine	0.1000 mg/L	0.0261	0.0198	0.0194	0.0198	0.097	16	0	0.0579	0.0237	100
Iron	0.3000 mg/L	0.0845	0.02	0.209	0.0099	0.83	15	1	0.4273	0.0509	93
Lead	0.0100 mg/L	0.002	0.002	0	0.002	0.002	17	0	0.002	0.002	100
Magnesium	9999.0000 mg/L	2.0827	2	0.3608	1.56	2.89	15	0	2.6744	1.6265	100
Manganese	0.5000 mg/L	0.0051	0.005	0.0005	0.005	0.007	17	0	0.0059	0.0051	100
Mercury	0.0010 mg/L	0.0001	0.0001	0.0001	0.0001	0.0005	17	0	0.0003	0.0001	100
Molybdenum	0.0500 mg/L	0.005	0.005	0	0.005	0.005	17	0	0.005	0.005	100
Nickel	0.0200 mg/L	0.0099	0.0099	0	0.0099	0.0099	17	0	0.0099	0.0099	100
Nitrate	50.0000 mg/L	0.9924	0.99	0.0044	0.99	1	17	0	0.9995	0.9905	100
Nitrite	3.0000 mg/L	0.1051	0.099	0.0245	0.099	0.2	17	0	0.1452	0.1041	100
Selenium	0.0100 mg/L	0.002	0.002	0	0.002	0.002	17	0	0.002	0.002	100
Silver	0.1000 mg/L	0.002	0.002	0	0.002	0.002	16	0	0.002	0.002	100
Sodium	180.0000 mg/L	18.8706	18.4	4.4382	11.7	26	17	0	26.1492	12.415	100
Sulfate	500.0000 mg/L	15.8588	15	4.7276	9.2	28	17	0	23.6121	10.14	100
Total Hardness as CaCO3	200.0000 mg/L	19.3067	18	4.8309	13.1	29	15	0	27.2294	13.895	100
True Colour	15.0000 Hazen Units (HU)	0.9936	0.99	0.005	0.99	1	14	0	1.0017	0.9905	100
Zinc	3.0000 mg/L	0.048	0.01	0.0961	0.0099	0.37	15	0	0.2056	0.0279	100
Fluoride (field result WSA)	1.5000 mg/L	1.0182	1.02	0.1003	0.65	1.23	95	0	1.1826	0.679	100
Fluoride Ratio	0.8 - 1.2	1.0236	1.02	0.1079	0.71	1.43	95	7	1.2005	0.746	93
Fluoride (daily WSA)	0.9 - 1.5 mg/L	1.0169	1.02	0.1123	0.02	1.56	3313	332	1.2011	0.097	90
Fluoride (weekly WSA)	0.9 - 1.5 mg/L	1.0168	1.02	0.0974	0.64	1.29	883	63	1.1765	0.6725	93